



August 25, 2008

Governor C. L. "Butch" Otter

Retirement Board

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MEMORANDUM

TO: PERSI Employer Units

FROM: Debbie Buck
Senior Accountant

SUBJECT: Required Footnote Disclosure for Audited Fiscal Year 2008
Financial Statements

If your agency undergoes a financial audit, please provide this information to your audit firm.

The Public Employee Retirement System of Idaho follows the Governmental Accounting Standards Board (GASB) Statements 25 (Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans), 27 (Accounting for Pensions by State and Local Governmental Employers) and 50 (Pension Disclosures). A sample footnote that we believe complies with these GASB standards is presented below, for inclusion in your audited financial statements. The sample footnote includes blanks that should be filled in with pertinent information for your agency prior to inclusion in your audit report.

Information that should be added to the sample footnote disclosure includes the following, if applicable: three years of employer contribution history.

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Additionally, PERSI administers the Sick Leave Insurance Reserve Fund which collects salary-based contributions for state and school employees while employed and pays insurance premiums at retirement based on a portion of the accumulated balance of their unused sick leave. GASB Statement 16 (Accounting for Compensated Absences), paragraph 8, including note 6, discusses reporting of termination payment liabilities related to sick leave and other similar compensated absences. However, state and school employers pre-fund this termination payment with contributions to PERSI during active employment. We recommend consulting with your auditors to determine proper disclosures.

If you have any questions about this memo, contact me at 208-287-9255.

Sample GASB 27 Footnote Disclosure

Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website www.persi.idaho.gov

The actuarially determined contribution requirements of the *Sample Agency* and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2008, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members and 7.65% for police/firefighters. The employer rate as a percentage of covered payroll was 10.39% for general members and 10.73% for police/firefighter members. *The Sample Agency* employer contributions required and paid were \$_____, \$_____, and \$_____ for the three years ended June 30, 2008, 2007, and 2006, respectively.